GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4126
ANSWERED ON:23.03.2001
ECONOMIC REFORMS
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the Economic Advisory Council of Prime Minister hasrecommended that the time has come for the Government to build on the nation wide consensus on economic reforms to carry over the realm of policy and implementation;

(b) if so, the steps suggested by the Committee for consensus on economic reforms in the country;

(c) the other recommendations made by the Committee regarding fiscal deficit and lowering income tax rate; and

(d) the steps being taken by Government to implement the recommendations of the Advisory Council?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): Yes Sir. The Prime Minister`s Economic Advisory Council in its report on `Economic Reforms - A Medium Term Perspective` has noted that a nationwide and broad based consensus to reform our economy and to put the individual states and the country as a whole on a path of higher productivity and growth is already in place. What is required now is for this consensus to be built upon and carried over into the realm of policy and implementation.

(c): The Council has recommended identification of some critical areasfor policy action which would bring about a significant reduction in the Centre`s fiscal deficit over 3 to 4 year period. On the resource mobilisation front the recommendations include continuation of the basic strategy of lowering tax rates and broadening the tax base, moving towards a regime of low customs duties and plugging loopholes in the excise system. On the expenditure side it has suggested review of system of administered interest rates, downsizing of the central bureaucracy, rationalisation of subsidies, pension reforms etc.

(d):The recommendations of the Prime Minister`s Economic AdvisoryCouncil have been circulated to different Ministries for examination and appropriate action. The progress in this regard is being monitored.